



STATE OF WASHINGTON
HEALTH CARE AUTHORITY

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Dear Health Plans:

As you know, changes in family income can result in switching between health coverage options and the split of family members across different health coverage and health plans. These issues are more commonly called churn and whole-family coverage, and they introduce major inefficiencies in the delivery of health care where access to family providers is often disrupted. The Health Care Authority (HCA) has been especially concerned at the potential for increased churn and whole-family coverage discontinuity when the expansion of Medicaid and start-up of subsidized coverage in the Exchange begin in 2014.

The enclosed document provides an overview of the Apple Health *Plus* solution we intend to implement for coverage beginning January 1, 2014. It is an approach developed over the past nine months, with extensive input from Medicaid and commercial health plans, legislative staff and other stakeholders. Over the next three months the HCA will be developing a process to solicit Exchange Qualified Health Plans for participation as "Limited Medicaid Plans" that will offer a relatively seamless approach for sustaining coverage and provider network connections when family members with Exchange coverage become eligible for Medicaid. Apple Health *Plus* is grounded in the former state sponsored Basic Health *Plus* program that historically offered a seamless system for coordinating eligibility and benefits for Basic Health and Medicaid enrollees.

For further details on the implementation of Apple Health *Plus*, please contact Preston Cody, Division Director by telephone at phone 360-725-1786 or via email at preston.cody@hca.wa.gov.

Sincerely,

MaryAnne Lindeblad
Medicaid Director

Enclosure

cc: Preston Cody, Assistant Director, Division of Health Care Services
Nathan Johnson, Assistant Director, Division of Health Care Policy

Apple Health *Plus* in 2014

Background:

In early 2012, the Health Care Authority (HCA) and Health Benefit Exchange (Exchange) held joint and individual discussions with Medicaid and commercial health plans on the issues of churn and whole-family coverage. HCA contracted with the Institute for Health Policy Solutions (IHPS) to quantify the issues, craft a problem statement, and generate policy options for further consideration. Together, HCA and IHPS engaged in a significant outreach effort, through in-person meetings and conference calls with health plans, legislative staff and others. This approach was designed to gather different views on the scope of the problem and options that could address churn and whole-family coverage discontinuity. Options discussed included the potential for limited participation of: (a) Medicaid health plans in the Exchange; and (b) Exchange Qualified Health Plans (QHPs) in Medicaid. The main goal was to prevent disruption of coverage, severing of critical provider connections, and mixed-family coverage, as family circumstances change.

In concept, the options identified are not without precedent. In 1993, the Washington State Legislature established the **Basic Health Plan (BH)** as a permanent program and directed the HCA and the Department of Social and Health Services (DSHS) to create a seamless system to coordinate eligibility and benefit coverage for families with enrollees in BH and Medicaid (known as Healthy Options).

This culminated in the creation of **Basic Health *Plus* (BH Plus)** to coordinate coverage for children and pregnant women served by the Maternity Benefits Program. This became especially important in 1994 when Medicaid coverage for children expanded to 200% of the Federal Poverty Level (FPL).

For much of the BH history, health plans operating in Healthy Options have not been the same as those serving BH. **BH *Plus*** ensured the State's objective of seamless, whole-family coverage, by allowing some BH health plans to participate in Healthy Options on a limited basis for children whose parents were covered through BH.

On February 11, 2013, the Exchange published a list of 13 health plans that are interested in participating as a QHP in 2014, including three of the five currently contracted Medicaid health plans. These 13 health plans must successfully complete further steps before their participation in the Exchange is assured. However, their expressed interest provides an early indication of the potential Exchange marketplace and confirms that conversations around churn and whole-family coverage are likely to continue.

The Problem:

- **Whole-Family Coverage Discontinuity:** *Mixed coverage options may force family members into different plan and provider networks.* In 2014, parents with income below 138%¹ of the FPL will be able to secure Medicaid coverage through the same health plan as their children. However, parents with incomes between 139-300% of the FPL will potentially face mixed coverage – they will be

¹ Under the ACA, the 133% of the FPL income limit is effectively 138% of the FPL because of a 5% across-the-board income disregard.

covered by a subsidized QHP in the Exchange while their children are covered in Medicaid or CHIP². In addition, many women who become pregnant while covered in the Exchange may be Medicaid-eligible during pregnancy³ but they will revert back to Exchange coverage afterwards while their newborn child(ren) remains covered in Medicaid or CHIP. Mixed coverage for a family can create confusion and barriers to accessing health care for the entire family. Some families may prefer having mixed coverage but, wherever possible, they should have an option to continue their coverage and care without having to change provider networks when their family circumstances change.

- **Churn: Movement between the Exchange and Medicaid.** IHPS analysis suggests that a considerable number of adults will move from Exchange to Medicaid coverage (and vice versa) each year because of changes in family income⁴. Without a streamlined approach, many of these adults may be forced off their Exchange QHP into a different Medicaid health plan, resulting in problems for themselves, their families, health plans, and the HCA. These problems include:
 - Discontinuity of provider relationships, which leads to inconsistent, lower quality of health care and increases costs, e.g., due to duplication of diagnostic tests and the need to coordinate or renew treatment plans.
 - Frequent turnover in enrollment, which increases administrative expenses for health plans and Medicaid.
 - Undermining of incentives for health plans and providers to invest in longer-term health improvements, because enrollment turnover means health plans cannot expect to benefit from such investments. Thus, efforts to improve the overall cost-effectiveness of the health care system will suffer.
 - The potential for individuals whose income and eligibility status changes to have to satisfy a deductible more than once during a plan year.
 - Frequent enrollee switching among health plans, which will make it difficult for the State to enforce benefit limits and will compromise Medicaid's efforts to measure and compare quality across contracted health plans over time.

The Apple Health *Plus* Solution for 2014:

To limit the impact of changes in family income on continuity of coverage and care, the HCA intends to permit health plans participating as QHPs in the Exchange to also participate in the Medicaid managed care delivery system on a limited basis. This option allows health plans to serve Exchange nexus populations – individuals who churn between the Exchange and Medicaid coverage, and families with mixed Exchange/Medicaid/CHIP coverage. Health plans electing this option as a "Limited Medicaid Plan" would be able to cover:

- **Medicaid or CHIP-eligible children of parents enrolled in a QHP.** Medicaid or CHIP-eligible children would be permitted to enroll in, and remain covered under, the **Apple Health *Plus*** Medicaid plan for the full duration of their 12-month continuous eligibility period, regardless of their parent's ongoing coverage status.
- **Women enrolled in a QHP who become Medicaid-eligible due to pregnancy.** Women receiving subsidized coverage through a QHP in the Exchange who become pregnant and have income that places them below 185% of the Federal Poverty Level, would have the option of staying with the same

² Children under age 19 living in families whose income is up to 300% of the FPL, can receive coverage through the Apple Health for Kids program.

³ Pregnant women are eligible for Medicaid coverage if their income is up to 185% of the FPL – their unborn child(ren) are included in the determination of family size.

⁴ <http://www.hca.wa.gov/hcr/me/policies.html#churn>

plan and providers through **Apple Health Plus**. Pregnant women⁵ would receive full Medicaid coverage (with no cost sharing) for the duration of their Medicaid eligibility. Following completion of Medicaid coverage for the pregnancy and post-partum period, the mother (and father where he too was impacted) would be able to choose to maintain coverage through the same Exchange QHP moving forward. The newborn child(ren) would remain eligible for ongoing Medicaid/CHIP coverage with the same health plan.

- **QHP enrollees who become Medicaid eligible due to income fluctuations.** Exchange enrollees who become Medicaid eligible as a result of income changes would also have access to this seamless **Apple Health Plus** coverage option until the following open enrollment period.

Additional Details:

Additional terms and conditions would apply to **Apple Health Plus**:

- A participating health plan would offer a QHP in the Exchange and would also need status to offer an **Apple Health Plus** product. The process to obtain this status would be separate from existing Medicaid managed care procurement activities.
- Existing Medicaid managed care contracting requirements would need to be met by health plans participating in **Apple Health Plus**.
- To the extent possible, there would be alignment between Exchange/Medicaid eligibility and enrollment periods for children and adults, to effectively preserve continuous eligibility protections for children.
- The same provider network would need to be available to Exchange and Medicaid populations served by **Apple Health Plus**.
- Enrollees receiving Medicaid coverage through **Apple Health Plus** would have Medicaid benefits and protections; participating health plans would be paid Medicaid rates.
- **Apple Health Plus** would operate as a "bridge" program until a more comprehensive and streamlined fix for churn and whole-family coverage could be developed, or until the health insurance market reaches a level of alignment that makes such an option unnecessary.

Operational Limitations and Parameters for an Innovative Interim Solution:

To implement the **Apple Health Plus** solution with the start-up of the Exchange and Medicaid expansion, an administratively innovative approach would be necessary given the compressed timeline for systems' development and testing.

- **Apple Health Plus** eligible clients would be auto-assigned to one of the contracted Medicaid health plans, consistent with the existing (2012) Medicaid process. Version 1.0 of the Exchange (i.e., the system to be implemented October 2013) would be unable to systematically override Medicaid auto-assignment. However, eligible clients would have the option of selecting a "Limited Medicaid Plan" following their initial assignment.
- HCA staff would have access to QHP enrollment information and would be able to verify individual level eligibility for the **Apple Health Plus** continuity or whole-family coverage option.

⁵ Where the family income drops below 138% of the FPL as a result of the pregnancy, the father might also become eligible for Medicaid coverage as a member of the new Medicaid expansion adult group.

- The Exchange would generate a regular report for health plans participating in **Apple Health Plus**, identifying adults with Medicaid-eligible dependents and those with income or household changes that impact their advanced premium tax credit eligibility.

Implementation of Apple Health Plus by January 1, 2014:

An estimated timeline for key milestones to implement **Apple Health Plus** for coverage beginning January 1, 2014 is as follows:

Milestones	Date
Request for Applications (RFA)	July 22, 2013
RFA Submission Deadline	August 19, 2013
Evaluation and Scoring Period	August 20 – August 26, 2013
Announce Apparently Successful Vendor (ASV)	September 3, 2013
Final Vendors Announced	September 17, 2013
Contract Effective Date	January 1, 2014
Apple Health Plus begins	January 1, 2014